Agriculture and Agri-Food Canada

2009-2010
Estimates

Part III – Report on Plans and Priorities

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Canada

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Message from the Minister

The Honourable Gerry Ritz

As Minister of Agriculture and Agri-Food, and as someone with a lifelong involvement in agriculture, I am pleased to present the 2009-2010 Report on Plans and Priorities for Agriculture and Agri-Food Canada. This report sets out my department's spending plans, priorities and expected results for the agriculture and agri-food industry and for Canadians.

As we move forward into our second mandate, this government remains deeply committed to ensuring the success of the Canadian agriculture and agri-food sector. I was honoured to be reappointed Minister of Agriculture and Agri-Food and I welcome the opportunity to continue my efforts at putting farmers first, and working on behalf of the agriculture sector and all Canadians.

Canada's farmers, farm families and farming communities are the heart of the Canadian agriculture and agri-food industry, contributing to our economy, our prosperity and our way of life as Canadians. All told, this vital sector accounts for eight per cent of our GDP, $142 billion in consumer sales, $35.3 billion in exports, and almost $8.6 billion of Canada's trade surplus. It also provides employment for 12.8 per cent of the Canadian workforce.

To help ensure the agriculture and agri-food sector's ongoing contribution to our economy and society, the Government has already taken action in key areas. We supported the development of biofuels; helped livestock producers weather financial pressures; restored agricultural trade in important markets; stood up for Canada's agriculture interests at the World Trade Organization and in bilateral trade negotiations; introduced a suite of business risk management programs that are responsive and bankable for our producers; and supported strong rural communities and the development of co-operatives through the Rural and Co-operatives Secretariats.

This report describes how we intend to build on these achievements and move ahead.

In July 2008, we signed an historic agreement with Canada's provinces and territories on Growing Forward. Shaped in large part by Canada's agriculture and agri-food sector, Growing Forward is a framework for the future. It will provide $1.8 billion in funding for non-business risk management programs over five years, including the 2008-2009 year, for programs that will help keep our farmers and our sector innovative and competitive. The Growing Forward framework also includes an improved, demand-driven suite of business risk management programs that was launched in April 2008.

Together with other initiatives that complement Growing Forward, we will help ensure a profitable sector through increased emphasis on investment in innovation and through more flexible programs that meet unique regional needs. The new suite of programs will be more bankable, predictable and responsive to meet the needs of producers across Canada.

This report describes how Growing Forward and other programs will take shape over the next three years, contributing to a sector that is more proactive in managing risk, is better positioned to seize emerging opportunities at home and abroad, and contributes to the health and wellbeing of Canadians.

As minister, I have been struck by the uniqueness of the Agriculture and Agri-Food (AAF) portfolio. The six partner organizations that make up the portfolio – Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency, Farm Credit Canada, the Canadian Grain Commission, the Canadian Dairy Commission and the National Farm Products Council – serve most of the same stakeholders and have complementary responsibilities. However, what distinguishes the portfolio for me is the sense of shared purpose to strengthen our sector and make it more viable in the long term. It is a common objective that can most effectively be realized by working together as a portfolio.

The collaborative spirit that pervades the AAF Portfolio will be crucial in continuing the progress on Growing Forward. The completion of the Growing Forward multilateral framework marked a major step toward a truly integrated and comprehensive plan focused on competitiveness and innovation, society's priorities and proactive risk management. With the planned launch of new programming under Growing Forward in the coming fiscal year, I am counting on the knowledge and continuing support of the portfolio partners to fulfill the prospects for a more profitable and innovative agriculture and agri-food sector in the future.

Honourable Gerry Ritz, P.C., M.P.,
Minister of Agriculture and Agri-Food
and Minister for the Canadian Wheat Board

Departmental Overview

Summary Information

Raison d'être

Agriculture and Agri-Food Canada is an economic and science-based department that works to ensure Canada's agriculture, agri-food and agri-based products sector is able to compete in international and domestic markets to derive economic returns to the sector and the Canadian economy as a whole. Through its work, the department strives to help the sector maximize its long-term profitability and competitiveness, while respecting the environment.

Responsibilities

Agriculture and Agri-Food Canada (AAFC) provides information, research and technology, and policies and programs to help Canada's agriculture, agri-food and agri-based products sector increase its environmental sustainability, compete in markets at home and abroad, manage risk, and embrace innovation. Created in 1868, the department today maintains offices and facilities from coast to coast.

The activities of the department extend from the farmer to the consumer, through all phases of production, processing and marketing of agriculture and agri-food products.

The department derives its mandate from the *Department of Agriculture and Agri-Food Act*, and also administers other Acts for which the minister is responsible, such as the *Agricultural Marketing Programs Act* and the *Farm Improvement and Marketing Cooperatives Loans Act*. A full list of these Acts is available at: http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1180107359564&lang=e.

AAFC also provides the overall leadership and co-ordination on federal rural policies and programs through the Canadian Rural Partnership, and in promoting the economic growth and social development of Canadian society through the development of co-operatives. AAFC also encompasses a special operating agency, the Canadian Pari-Mutuel Agency, which regulates and supervises betting on horse-racing at racetracks across Canada.

The department is also responsible for co-ordinating the collaboration of the organizations within the Agriculture and Agri-Food portfolio, which ensures coherent policy and program development and effective co-operation in meeting challenges on key cross-portfolio issues. In addition to AAFC, the portfolio organizations consist of: the Canadian Dairy Commission; the Canadian Food Inspection Agency; the Canadian Grain Commission; Farm Credit Canada; and the National Farm Products Council. More information on these portfolio organizations is available at: http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1173977418249&lang=e.

The department also supports the minister in his role as Minister for the Canadian Wheat Board.

Strategic Outcomes

To effectively pursue its mandate and make a difference to Canadians, AAFC aims to achieve the following three strategic outcomes:

1. **An environmentally sustainable agriculture, agri-food and agri-based products sector**

   AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

2. **A competitive agriculture, agri-food and agri-based products sector that proactively manages risk**

   Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory processes contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.

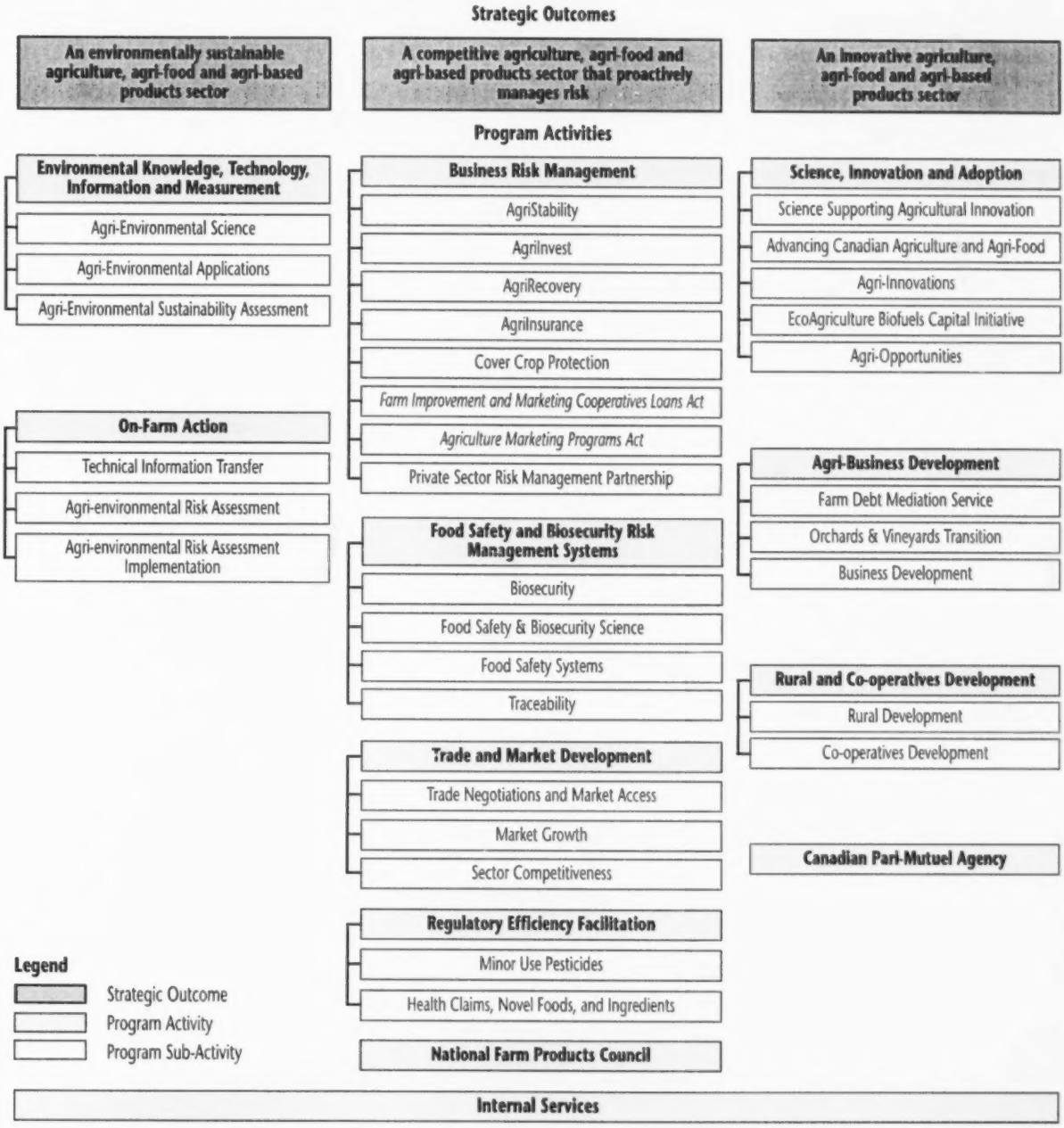
3. **An innovative agriculture, agri-food and agri-based products sector**

   Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.

Program Activity Architecture

The graphic below displays Agriculture and Agri-Food Canada's program activities and program sub-activities that comprise its Program Activity Architecture (PAA). This PAA reflects how the department allocates and manages its resources and makes progress toward its strategic outcomes.

AAFC's 2009-2010 Program Activity Architecture



AAFC's new PAA was created to more clearly reflect the department's mandate and vision, as well as the increasing importance of the sector's resilience and competitiveness in light of changing consumer demands and global competition. The 2009-2010 PAA embeds the evolution of AAFC's new policy framework, Growing Forward, and aligns clearly with the Government of Canada's outcomes – a Clean and Healthy Environment, Strong Economic Growth, an Innovative and Knowledge-based Economy, and a Fair and Secure Marketplace.

Crosswalk between AAFC's 2008-2009 PAA and 2009-2010 PAA

2009-2010 Net Planned Spending[1] ($ millions)													
2009-2010 PAA / 2008-2009 PAA[2]	Environmental Knowledge, Technology, Information and Measurement	On-Farm Action	Business Risk Management	Food Safety and Biosecurity Risk Management Systems	Trade and Market Development	Regulatory Efficiency Facilitation	National Farm Products Council	Science, Innovation and Adoption	Agri-Business Development	Rural and Co-operatives Development	Canadian Pari-Mutuel Agency	Internal Services[3]	Total
Business Risk Management	-	-	2,081.1	50.4	5.0	-	-	-	-	-	-	44.2	2,180.7
Food Safety and Food Quality	-	-	-	89.4	-	10.1	-	-	-	-	-	22.1	121.6
Markets and International	-	-	-	-	92.3	21.2	-	0.3	-	-	-	28.0	141.9
National Farm Products Council	-	-	-	-	-	-	2.7	-	-	-	-	1.1	3.8
Environment	58.2	120.2	-	-	-	2.1	-	-	-	-	-	89.8	270.4
Innovation and Renewal	-	1.0	-	-	-	3.7	-	314.3	43.5	-	-	82.7	445.1
Rural and Co-operatives Secretariats	-	-	-	-	-	-	-	-	-	20.6	-	5.0	25.6
Canadian Pari-Mutuel Agency	-	-	-	-	-	-	-	-	-	-	(0.0)	-	(0.0)
Total Department	**58.2**	**121.2**	**2,081.1**	**139.8**	**97.3**	**37.1**	**2.7**	**314.6**	**43.5**	**20.6**	**(0.0)**	**272.9**	**3,189.0**

1 Planned spending reflects funds already brought into the department's reference levels as well as amounts to be authorized through the Estimates process for 2009-2010 as presented in the Annual Reference Level Update. It also includes adjustments for funding approved in the government fiscal plan, but yet to be brought into the department's reference levels. Planned Spending has not been adjusted to include new information contained in Budget 2009, such as Strategic Review efficiency savings as well as new funding for the AgriFlexibility and Slaughterhouse programs. More information will be provided in the 2009-2010 Supplementary Estimates.

2 Allocations by the 2008-2009 PAA are notional as it has been replaced as of 2009-2010.

3 In accordance with the TBS guidelines, Internal Services are to be presented as a separate program activity beginning in 2009-2010. Internal Services were previously prorated among all other program activities for the purpose of the Estimates Process.

The figures have been rounded to the nearest millions of dollars. Figures that cannot be listed in millions of dollars are shown as 0.0. Due to rounding, figures may not add to the totals shown.

Planning Summary

Financial Resources (Total Net Planned Spending)

The following table provides a summary of the total planned spending for Agriculture and Agri-Food Canada for the next three fiscal years.

Financial Resources	2009-2010	2010-2011	2011-2012
($ millions)	3,189.0	3,235.8	3,097.1

Human Resources

The following table provides a summary of the total planned human resources for Agriculture and Agri-Food Canada for the next three fiscal years.

Human Resources	2009-2010	2010-2011	2011-2012
Full-Time Equivalents (FTEs)[1]	6,403	6,403	6,403

Planning Summary by Strategic Outcome

The following tables provide a summary of planned performance and spending for each of AAFC's three strategic outcomes.

Strategic Outcome 1: An environmentally sustainable agriculture-agri-food and agri-based products sector					
Performance Indicators		**Targets**			
Soil Quality Agri-Environmental Index*		81 by March 31, 2030			
Water Quality Agri-Environmental Index*		81 by March 31, 2030			
Air Quality Agri-Environmental Index*		81 by March 31, 2030			
Biodiversity Quality Agri-Environmental Index*		81 by March 31, 2030			
Program Activity	**Forecast Spending (net) 2008-2009 ($ millions)[2]**	**Planned Spending (net) ($ millions)[3]**			**Alignment to Government of Canada Outcomes**
		2009-2010	2010-2011	2011-2012	
Environmental Knowledge, Technology, Information and Measurement	69.7	58.2	54.5	53.5	A Clean and Healthy Environment
On-Farm Action	179.5	121.2	120.1	115.5	A Clean and Healthy Environment
Total for SO 1	**249.2**	**179.4**	**174.6**	**169.0**	

* The indices listed measure agri-environmental progress in each of the four key areas of soil, water, air, and biodiversity. The scale for these indices is: 0-20 = Unacceptable; 21-40 = Poor; 41-60 = Average; 61-80 = Good; and 81-100 = Desired. A target of 81-100, with a stable or improving trend, represents the desired value for the sector's performance.

Strategic Outcome 2: A competitive agriculture, agri-food and agri-based products sector that proactively manages risk					
Performance Indicators		**Targets**			
Increase in agriculture and agri-food (includes seafood processing), Gross Domestic Product (GDP), in constant dollars (1997 dollars)		10 per cent by March 31, 2013			
Program Activity	**Forecast Spending (net) 2008-2009 ($ millions)[2]**	**Planned Spending (net) ($ millions)[3]**			**Alignment to Government of Canada Outcomes**
		2009-2010	2010-2011	2011-2012	
Business Risk Management	1,711.0	2,081.1	2,127.6	2,211.2	Strong Economic Growth
Food Safety and Biosecurity Risk Management Systems	115.4	139.8	116.3	74.6	Strong Economic Growth
Trade and Market Development	86.8	97.3	97.6	97.8	Strong Economic Growth
Regulatory Efficiency Facilitation	15.9	37.1	36.1	36.1	Strong Economic Growth
National Farm Products Council	2.8	2.7	2.7	2.7	Strong Economic Growth
Total for SO 2	**1,931.8**	**2,358.1**	**2,380.3**	**2,422.4**	

Strategic Outcome 3: An innovative agriculture, agri-food and agri-based products sector					
Performance Indicators		**Targets**			
Increase in agriculture Net Value-Added (Value-Added is a Statistics Canada measure of Canadian value-added GDP)		7 per cent by March 31, 2014			
Percentage increase in the development of food and other agriculture-derived products and services as measured by 1) revenues from bioproducts and private industry's R&D expenditures in the agri-food sector as measured by the food processing and bioproducts sectors and 2) percentage increase in private industry's R&D expenditures in the agri-food sector as measured by the food processing and bioproducts sectors (Percentage reflects a real increase, after adjustments for inflation)		10 per cent by March 31, 2014			
Program Activity	**Forecast Spending (net) 2008-2009 ($ millions)[2]**	**Planned Spending (net) ($ millions)[3]**			**Alignment to Government of Canada Outcomes**
		2009-2010	2010-2011	2011-2012	
Science, Innovation and Adoption	553.1	314.6	341.1	183.5	An Innovative and Knowledge-based Economy
Agri-Business Development	45.1	43.5	45.6	30.6	An Innovative and Knowledge-based Economy
Rural and Co-operatives Development	19.8	20.6	20.7	20.7	An Innovative and Knowledge-based Economy
Canadian Pari-Mutuel Agency	-	(0.0)	(0.3)	(0.3)	A Fair and Secure Marketplace
Total for SO 3	**617.9**	**378.6**	**407.1**	**234.5**	

Strategic Outcome: The following Program Activity supports all Strategic Outcomes within this organization				
Program Activity	**Forecast Spending (net) 2008-2009 ($ millions)[2]**	**Planned Spending (net) ($ millions)[3]**		
		2009-2010	2010-2011	2011-2012
Internal Services	326.9	272.9	273.8	271.1
Sub-total Planned Spending	**3,125.8**	**3,189.0**	**3,235.8**	**3,097.1**
Plus: Cost of services received without charge[4]	64.7	54.9	55.8	54.6
Total Departmental Spending	**3,190.5**	**3,243.9**	**3,291.7**	**3,151.6**

1 In addition to the FTEs noted above, in 2008-2009 there are 79 FTEs employed by AAFC funded by respendable revenue sources from collaborative research projects with industry, and other activities not funded through AAFC appropriations. Also, 351 FTEs were employed as students. Data for 2009-2010 to 2011-2012 similarly does not make any provision for staff funded through respendable revenue sources or students.

2 Forecast Spending 2008-2009 reflects the authorized funding levels to the end of the fiscal year 2008-2009 (not necessarily forecast expenditures). Allocations by Program Activity are notional as the PAA Structure for 2009-2010 is different than that for 2008-2009.

3 Planned spending reflects funds already brought into the department's reference levels as well as amounts to be authorized through the Estimates process (for the 2009-2010 through to 2011-2012 planning years) as presented in the Annual Reference Level Update. It also includes adjustments in future years for funding approved in the government fiscal plan, but yet to be brought into the Department's reference levels. Planned Spending has not been adjusted to include new information contained in Budget 2009, such as Strategic Review efficiency savings as well as new funding for the AgriFlexibility and Slaughterhouse programs. More information will be provided in the 2009-2010 Supplementary Estimates.

4 Cost of services received without charge include accommodation provided by Public Works and Government Services Canada (PWGSC), contributions covering employer's share of employees' insurance premiums and expenditures paid by Treasury Board of Canada Secretariat (TBS), Worker's compensation coverage provided by Human Resources and Social Development Canada (HRSDC) and salary and associated expenditures of legal services provided by the Department of Justice Canada.

The Planned Spending for 2009-2010 is $3,189.0 million compared to $3,125.8 million for 2008-2009, an increase of approximately $63.2 million. This is largely attributable to reprofiling of Action Plan funding.

The figures have been rounded to the nearest millions of dollars. Figures that cannot be listed in millions of dollars are shown as 0.0. Due to rounding, figures may not add to the totals shown.

Contribution of Priorities to Strategic Outcomes

Of primary importance to the Canadian agriculture and agri-food sector is becoming increasingly capable of adapting, innovating and competing in the global arena while at the same time being able to meet evolving domestic demands. As a result, Agriculture and Agri-Food Canada's (AAFC) priorities are focused on areas of importance to industry which will help improve the competitiveness, and hence profitability, of the agriculture and agri-food sector.

There are many activities that can help bring about greater competitiveness for the sector – investments in science and innovation will bring out leading edge products; investments in food safety systems, biosecurity and traceability both minimize disruptions from food safety-related incidents while ensuring that trading partners have confidence in Canadian products; business development and skills development ensure that operational efficiencies are sought and achieved; and effective risk management programs ensure that producers can focus on these broader objectives and minimize the impacts of other disruptions outside regular business practice. Furthermore, because agriculture is a shared federal-provincial-territorial (FPT) jurisdiction, AAFC is implementing these priorities in partnership with provinces and territories.

In 2009-2010, AAFC will implement a range of new and on-going initiatives that support the strategic outcomes. First, AAFC will fully implement Growing Forward, the new FPT policy framework for Canada's agriculture and agri-food sector. Growing Forward is the cornerstone of the FPT relationship for agriculture and agri-food-related programming and ensures that FPT governments work together to address key challenges facing the sector. The framework agreement includes both the suite of business risk management (BRM) programs and a suite of non-business risk management (non-BRM) programs which focus on innovation, business development, environmental issues, regulatory issues, international markets and food safety, biosecurity and traceability. While the suite of BRM programs were launched as of April 1, 2008, the suite of non-BRM programs will roll out beginning April 1, 2009, including programs that are delivered and funded federally as well as a range of cost-shared programs which will be largely delivered by provinces and territories.

In addition, there are other new and on-going priorities which underpin efforts in Growing Forward and are also crucial in improving the overall competitiveness of the sector. Such initiatives include support for biofuels and research in support of innovation to improve competitiveness. The new agricultural flexibility program will help farmers deal with costs of production pressures, promote innovation, ensure environmental sustainability and respond to the market challenges and opportunities across the country. In addition, new investments will be made to strengthen slaughter and meat processing capacity in support of beef, pork and other livestock producers.

Finally, AAFC is committed to delivering on management excellence in order to implement Growing Forward and other programs efficiently and effectively and best achieve results for Canadians. Additional information on these priorities is provided in the following table.

Operational Priorities	Type	Links to Strategic Outcomes (SO) Note: SOs are described on page 4 of this document.	Description
Delivering on Growing Forward	Ongoing	SO1 SO2 SO3	**Why is this a priority?** Growing Forward is the key framework agreement governing federal, provincial and territorial agriculture programs in Canada. It is designed to help ensure a competitive and innovative agriculture and agri-food sector that responds to society's priorities while proactively managing risks. By implementing programming in a range of areas, the five-year Growing Forward Agreement allows federal, provincial and territorial governments to work in partnership towards common objectives. **Plans for meeting the priority** The Growing Forward Multilateral agreement was endorsed by federal, provincial and territorial Ministers in July 2008. Areas of investment include business risk management programs and a suite of non-business risk management programs which seek to improve the competitiveness of the sector with a focus on innovation, business development, environmental issues, regulatory issues, international markets and food safety, biosecurity and traceability. AAFC has been working bilaterally with provincial and territorial governments to determine program details for the other cost-shared program elements including environment, food safety, science and innovation – as Growing Forward provides enhanced flexibility for provinces and territories to target investment in each region. Bilateral negotiations are well underway in each province and territory with the aim of having non-BRM programs launched early in 2009-2010.
Delivering on other Government of Canada priorities	Ongoing	SO1 SO2 SO3	**Why is this a priority?** A competitive agriculture and agri-food sector is important to the federal government. As such a number of key initiatives will complement Growing Forward in improving the competitiveness of the sector. **Plans for meeting the priority** AAFC will continue to put farmers first by exploring new and innovative ways to promote Canadian grain farmers at home and abroad. The department will work towards improving the efficiency of grain marketing to give producers the best choice of value for their grain in a competitive global market. Another key initiative is supporting the development and expansion of the renewable fuels sector in Canada through the growth of ethanol and biodiesel use, and supporting farmer participation in the evolution of this sector. Also essential for improving competitiveness is promoting innovation through ongoing investments in science and research to ensure that the sector has greater capacity to bring innovative products to market and improve competitiveness. In this regard, AAFC has been investing to improve the innovation system and accelerate the pace of innovations through specific initiatives such as foresighting, developing science clusters and innovation commercialization centres, accelerating the identification of investment opportunities in agriculture, enhancing on-farm innovation capacity, pathfinding, and targeting government resources to public good science projects.

Management Priorities	Type	Links to Strategic Outcomes (SO) Note: SOs are described on page 4 of this document.	Description
Delivering on management excellence	Ongoing	SO1 SO2 SO3	**Why is this a priority?** Sound management practices, processes and systems, particularly in areas such as human resources and service delivery, are essential to AAFC's ability to deliver its programs and services and achieve its strategic outcomes efficiently and effectively. **Plans for meeting the priority** AAFC will work to align people to priorities by anticipating and supporting staffing needs and operational requirements, being transparent about where work is increasing and where it is decreasing, and helping AAFC employees access new internal opportunities and learning and development programs. The department will support the achievement of the government-wide priorities for public service renewal. The department will continue to apply a flexible, client-focused approach to service delivery, working to improve delivery from the perspective of those receiving the services. AAFC will also continue to strengthen its management and accountability in areas such as managing for results, financial management and control, and the review of departmental program spending. Furthermore, the department will be implementing actions to improve its management practices where opportunities have been identified in the Management Accountability Framework assessment, including strengthening internal audit.

An important element in achieving departmental priorities is AAFC's integrated planning process, which involves assessing current and future workforce capacity against evolving business priorities, identifying gaps, developing and implementing strategies to fill those gaps, and monitoring and reporting on progress. This process is guided by AAFC's three-year Integrated Human Resources Plan (updated annually), which articulates the department's business goals and sets out short and longer term people management strategies to ensure that these goals are met. This Plan recognizes that priorities and business requirements constantly evolve and that our people management activities must also be flexible and responsive. Branch-specific plans are developed for AAFC sub-organizations to address their more detailed or unique challenges.

Risk Analysis

Agriculture production carries inherent risk, including weather-related disasters, climate change, pests and disease, barriers to trade and competition for market-share. The impact of global economic uncertainty is hard-felt across the sector. Such risks and uncertainty underline the importance of sound mitigation strategies to prepare for and prevent or limit the impact of potential threats, while strengthening the capacity of the industry to respond and recover, as well as take advantage of new and emerging opportunities.

Agriculture and Agri-Food Canada supports one of Canada's most important industries to help ensure maximum benefits to this country's citizens. The agriculture and agri-food industry is national in scope and incredibly diverse, consisting of large, medium and small enterprises. Its value chain begins at the farm-gate and ends at the consumer plate. It provides both food and non-food commodities, relying upon cutting-edge technologies.

In advancing the Growing Forward policy framework, environmental initiatives identified in this report will not only safeguard and enhance Canada's resource base, but improve the industry's competitive position. Consistent and bankable BRM programs will help provide the kind of economic certainty that fosters investment in innovation. Innovation will lead to advances that further both environmental and business interests.

Several factors are limiting the ability of Canadian producers to compete in the global market. Competition from low-cost suppliers, coupled with more complicated and varied consumer tastes, makes meeting market demands increasingly challenging for the various segments of the value chain.

Some of these factors impacting the Canadian agriculture and agri-food sector now, and that could continue to have an impact in future years, include: an increasingly liberalized international trading environment; the impact of the volatility of the Canadian dollar on traded commodities and agricultural inputs; cost pressures for agricultural inputs such as feed, fertilizer and fuel; increased competition from low-cost and high-subsidy countries in bulk commodity markets, and a declining market share for some sectors in Canada; agricultural and other policies implemented by other countries; an increasing demand from domestic and international consumers for healthy and environmentally sustainable food and related products, with certification playing an increasingly important role for ensuring market access.

There is a need to continue providing the tools necessary to encourage adaptation that enables the sector to achieve lower costs, penetrate higher-value markets and achieve greater profitability. Given that Canada relies heavily on exports for the success of the sector, governments also need to work to ensure continued access to existing markets and to gain access to new ones, to protect and provide opportunity to producers.

AAFC's mandate to promote the competitiveness of the sector relies on other areas of jurisdiction, such as international trade and regulatory reform. The department works with its portfolio partners and other federal departments to ensure positive outcomes on these and related issues to support the long-term competitiveness and prosperity of the sector. Against this backdrop, with a multiplicity of interests and pressures brought to bear, AAFC must effectively manage risk to make progress on its priorities. This report describes how the department intends to spend resources to address environmental, competitive and innovative challenges to achieve that progress in an integrated manner.

Program delivery is an essential part of AAFC as the department continues to deliver complex programs in its shared jurisdiction with other governments. Managing in a shared jurisdiction such as agriculture, with a multiplicity of service delivery points and multiple responsibility centres, presents challenges in maintaining consistent service standards and uniform access to programming. The department has mitigation strategies in place or planned, including the implementation of a compliance audit plan and follow-up on recommendations, and enhanced program oversight and governance.

Systems and technology are integral to program delivery, as well as to the support of the management of internal operations. AAFC has substantial controls in place to mitigate systems and technology risks, including a comprehensive technology and architecture framework.

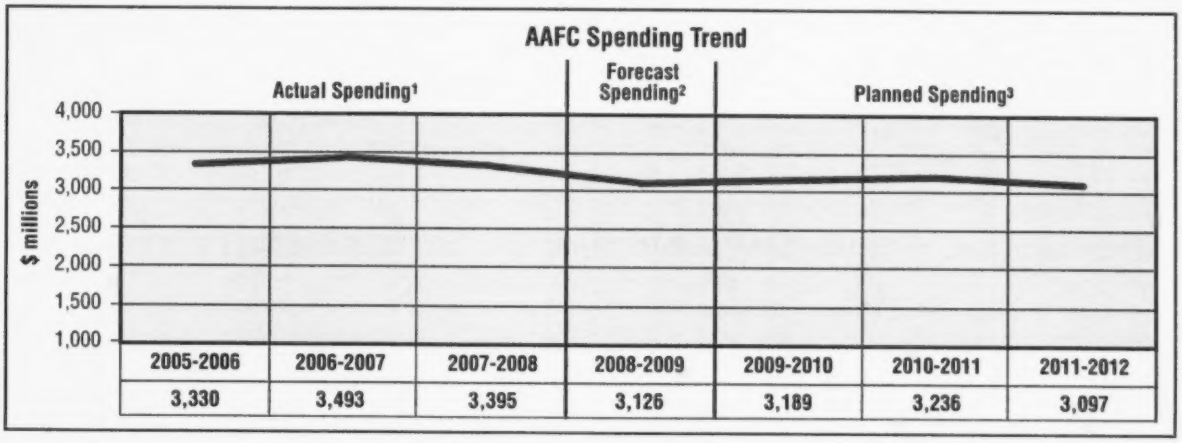
The department recognizes the importance of maintaining a productive, principled, sustainable, and adaptable work environment, including ensuring sufficient human resource capacity to meet current and future priorities and objectives. Key among the mitigation strategies is the Integrated Business Planning Process to determine the short-, medium- and long-term skill sets required by AAFC to deliver on its priorities. In addition, the department has strategies in place to ensure capital projects are clearly aligned with program priorities, and to manage risks to its infrastructure across the country.

On a broader level, a catastrophic crisis caused by weather or disease outbreak is a significant risk for the sector. Mitigation strategies include the *Deputy Minister Directive and Policy on Emergency Management* that will help ensure the department's efforts compliment those of the Canadian Food Inspection Agency, the *Emergency Management Policy*, and Industry Emergency Preparedness Activities, including Emergency Response Plans and Industry Pandemic Planning.

Expenditure Profile

AAFC departmental spending varies from year to year in response to the circumstances in the agriculture and agri-food industry. AAFC programming responds to industry and economic factors in support of this vital part of our economy. Much of AAFC's programming is statutory and therefore fluctuates to meet the demands and requirements of agriculture producers.

The figure below illustrates AAFC's spending trend from 2005-2006 to 2011-2012, which reflects the variability of the departmental spending and demonstrates how AAFC's programming responds to the needs of the agriculture and agri-food sector.



Over the period 2005-2006 to 2011-2012, Actual/Planned Spending varies from a low of $3.1 billion in 2011-2012 to a high of $3.49 billion in 2006-2007, a variation of 12.8 per cent.

AAFC's overall spending in 2006-2007 was relatively higher than other years primarily as a result of the 2006 Federal Budget announcement of $1.5 billion to assist farmers in the transition to more effective programming for farm income stabilization and disaster relief. Included in this was $900 million for the Canadian Agricultural Income Stabilization Inventory Transition Initiative (CITI).

2007-2008 spending included the Budget 2007 $1 billion funding for the Cost of Production and AgriInvest Kickstart programs. Forecast Spending for 2008-2009 (which represents authorized funding, as spending figures will not be available until the close of the fiscal year) is relatively less since the Budget 2007 $1 billion was one-time funding in 2007-2008 only. However, this is offset by funding for other programs, including the Tobacco Transition Program.

Notes:

1 Actual spending represents the actual expenditures incurred during the respective fiscal year, as reported in Public Accounts less Non-respendable Revenue, which include such items as refunds of previous years' expenditures, proceeds from the sales of Crown Assets, privileges, licenses and permits.

2 Forecast Spending reflects the authorized funding levels to the end of the fiscal year (not necessarily forecast expenditures).

3 Planned spending reflects funds already brought into the department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Annual Reference Level Update. It also includes adjustments in future years for funding approved in the government fiscal plan but yet to be brought into the department's reference levels. Planned Spending has not been adjusted to include new information contained in Budget 2009, such as Strategic Review efficiency savings as well as new funding for the AgriFlexibility and Slaughterhouse programs. More information will be provided in the 2009-2010 Supplementary Estimates.

Actual, Forecast and Planned Spending amounts all exclude Services Received without charge.

Voted and Statutory Items

This table illustrates voted and statutory items as displayed in the AAFC Ministry Summary Table within the 2008-2009 and 2009-2010 Main Estimates.

($ millions)

Vote or Statutory Item ($)	Truncated Vote or Statutory Wording	Main Estimates 2008-2009	Main Estimates 2009-2010
1	Operating Expenditures	530.8	657.9
5	Capital Expenditures	32.0	34.0
10	Grants and Contributions	379.0	417.0
15	Pursuant to Section 29 of the *Financial Administration Act*, to authorize the Minister of Agriculture and Agri-Food, on behalf of Her Majesty in right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of an amount not exceeding, at any one time, in aggregate, the sum of $1,500,000,000 payable in respect of cash advances provided by producer organizations, the Canadian Wheat Board and other lenders under the Spring Credit Advance Program and $1,500,000,000 payable in respect of cash advances provided by producer organizations, the Canadian Wheat Board and other lenders under the Enhanced Spring Credit Advance Program.	0.0	0.0
20	Pursuant to Section 29 of the *Financial Administration Act*, to authorize the Minister of Agriculture and Agri-Food, on behalf of Her Majesty in right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of amounts not exceeding, at any time, in aggregate, the sum of $140,000,000 payable in respect of Line of Credit Agreements to be entered into by Farm Credit Canada for the purpose of the renewed (2003) National Biomass Ethanol Program.	0.0	0.0
(S)	Contributions Payments for the AgriInsurance Program	388.7	440.6
(S)	Contribution Payments for the AgriStability Program	655.2	369.2
(S)	Grant Payments for the AgriStability Program	-	225.1
(S)	Payments in connection with the *Agricultural Marketing Programs Act*	137.5	165.0
(S)	Grant Payments for the AgriInvest Program	-	139.4
(S)	Grant Payments for the Agricultural Disaster Relief Program / AgriRecovery	-	54.2
(S)	Contribution Payments for the Agricultural Disaster Relief Program / AgriRecovery	108.4	54.2
(S)	Contribution Payments for the AgriInvest Program	159.5	20.1
(S)	Canadian Cattlemen's Association Legacy Fund	5.0	5.0
(S)	Loan guarantees under the *Farm Improvement and Marketing Cooperatives Loans Act*	4.0	4.0
(S)	Grants to agencies established under the *Farm Products Agencies Act*	0.2	0.2
(S)	Contributions in support of the AgriInvest Cost of Production Element	100.0	-
(S)	Contributions to employee benefit plans	69.2	63.7
(S)	Minister of Agriculture and Agri-Food – Salary and motor car allowance	0.1	0.1
(S)	Canadian Pari-Mutuel Agency Revolving Fund	-	(0.0)
Total Department		**2,569.6**	**2,649.6**

The Main Estimates for 2009-2010 are $2,649.6 million compared to $2,569.6 million for 2008-2009, an increase of $80 million. The increase is mainly attributable to increased funding for the roll-out of the new Growing Forward framework, AgriInsurance and the *Agricultural Marketing Programs Act* offset by a decrease for AgriStability and the fact that AgriInvest Cost of Production was in transition from being listed as a Statutory program in 2008-2009 to a Voted program in 2009-2010. As it had not been approved as such in time for inclusion in Main Estimates, it could not be listed. Funding associated with this, however, is included in Planned Spending figures reported in subsequent tables in this document.

The figures have been rounded to the nearest millions of dollars. Figures that cannot be listed in millions of dollars are shown as 0.0. Due to rounding, figures may not add to the totals shown.

Analysis of Program Activities by Strategic Outcome

This section describes Agriculture and Agri-Food Canada's strategic outcomes and program activities, and identifies the expected results, performance indicators and targets for each of them. The section also explains how the department plans on meeting the expected results and presents the financial and non-financial resources that will be dedicated to each program activity.

Strategic Outcome 1 – An environmentally sustainable agriculture, agri-food and agri-based products sector

AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities will contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

This strategic outcome comprises the following program activities, which are described in the subsequent discussion of expected results, plans and benefits to Canadians.

Program Activities	1.1 Environmental Knowledge, Technology, Information and Measurement	1.2 On-Farm Action

Program Activity 1.1 – Environmental Knowledge, Technology, Information and Measurement

Program Activity Summary

Agriculture and Agri-Food Canada is focused on supporting the sector through initiatives that enable it to use a more systematic management approach to making decisions with respect to environmental risks and help identify suitable corrective actions.

The department is conducting basic and applied research to improve scientific understanding of agriculture's interactions with the environment on the key environmental challenges facing Canada and its regions; developing sustainable agricultural practices and validating environmental and economic performance at the farm and landscape levels; and developing, enhancing and using agri-environmental indicators, greenhouse gas accounting systems and economic indicators to assess the sector's environmental and economic sustainability.

This program activity provides the platform for innovation and discovery of technologies and strategies which are used as the basis for application by the sector in order to improve the agri-environmental performance of the sector.

Environmental Knowledge, Technology, Information and Measurement					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
58.2	461 FTEs	54.5	461 FTEs	53.5	461 FTEs

Expected Results	Performance Indicators	Targets
Enhanced capacity by the agriculture and agri-food industry to encourage sound environmental decision-making in government and in industry	Level of results from AAFC activities available for policy and programming decision-making	1. Establish baseline value 2. Determine increase in availability

Planning Highlights

To achieve the expected result, over the next three years Agriculture and Agri-Food Canada will conduct research aligned with the science priorities described in the department's Science and Innovation Strategy. This approach is designed to increase knowledge and lead to new technologies that enhance the environmental performance of the agricultural production system while maintaining and improving sector competitiveness. More information on the Science and Innovation Strategy is available at: http://www4.agr.gc.ca/resources/prod/doc/sci/cons/strat/pdf/Science&InnovationStrategy-e.pdf

The department will also further develop and adapt knowledge and information to improve agri-environmental decision-making and develop and adapt technologies for sustainable agricultural practices on farms and other agricultural land.

Finally, Agriculture and Agri-Food Canada will continue to develop and enhance agri-environmental indicators, greenhouse gas accounting systems, and economic indicators to assess the sector's environmental and economic sustainability.

Benefits for Canadians

The November 2008 Speech from the Throne noted the Government of Canada's commitment to addressing climate change, protecting water resources, and fostering overall environmental well-being. This program activity will help the government meet its commitment and will contribute to a cleaner and healthier environment for Canada. Specific benefits for Canadians include:

- improved conservation of clean air, water and soils by the agriculture and agri-food sector through scientifically verified environmental stewardship practices;
- improved ecosystems through increased knowledge of environmentally sustainable practices that create better land stewardship; and
- new scientific advice and recommendations for Canadian and international decision-makers for the design of agri-environmental programs and policies.

Program Activity 1.2 – On-Farm Action

Program Activity Summary

Agriculture and Agri-Food Canada supports farmers through direct on-farm programming that identifies environmental risks and opportunities and promotes the continuous growth of the stewardship ethic within the agriculture and agri-food industry.

AAFC supports farmers through agri-environmental risk assessment and planning; providing expertise, information and incentives to increase the adoption of sustainable agriculture practices at the farm and landscape levels; investigating and developing new approaches that encourage and support the adoption of sustainable agriculture practices; and increasing the recognition of the value of sustainable agriculture practices.

This program activity supports environmental stewardship and helps reduce the sector's overall impact on the environment. It contributes to a cleaner environment and healthier living conditions for Canadians, and a more profitable agriculture sector.

On-Farm Action					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
121.2	804 FTEs	120.1	804 FTEs	115.5	804 FTEs

Expected Results	Performance Indicators	Targets
Improved agri-environmental risk assessment and planning by agricultural producers	Increase in levels of beneficial management practice (BMP) adoption addressing priorities across Canada	10 per cent increase from previous program base-lines by March 31, 2013

Planning Highlights

To achieve the expected result of enhancing the sustainability of the agricultural sector, Agriculture and Agri-Food Canada will improve agri-environmental risk assessments and encourage sustainable agricultural practices at the farm and landscape levels. For more information on specific programming please visit http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1181580600540&lang=e

In addition, in partnership with provinces, local land-use planners, conservation authorities, and others, AAFC will communicate, nationally and regionally, the benefits of changing practices. It will also deliver technical assistance that integrates practices for environmentally responsible agriculture with other on-farm actions.

Benefits for Canadians

This program activity will help achieve a cleaner and healthier environment for all Canadians, and address the environmental commitments detailed in the government's November 2008 Speech from the Throne. Canadians will realize the benefits of this program activity through the actions taken on the agricultural landscape.

Specific benefits are similar to those of program activity 1.1, which include the conservation of clean air, water and soils by the agriculture and agri-food industry, healthier ecosystems across various climactic zones, and new information available for agricultural decision-makers. For details, refer to the description of these benefits for program activity 1.1.

Strategic Outcome 2 – A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Canada's capacity to produce, process and distribute safe, healthy and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory processes will contribute directly to the economic stability and prosperity of the sector and provide greater security for the Canadian public regarding the sector.

This strategic outcome comprises the following program activities, which are described in the subsequent discussion of expected results, plans and benefits to Canadians.

Program Activities	2.1 Business Risk Management	2.2 Food Safety and Biosecurity Risk Management Systems	2.3 Trade and Market Development	2.4 Regulatory Efficiency Facilitation	2.5 National Farm Products Council

Program Activity 2.1 – Business Risk Management

Program Activity Summary

Agriculture and Agri-Food Canada has developed a comprehensive business risk management program to better equip producers with the tools and capacity to manage business risks.

This program provides coverage for small income declines, margin-based support for larger income losses, a disaster relief framework for rapid assistance to producers and production insurance to protect farmers against production losses due to uncontrollable natural hazards.

In addition, assistance to producers through the provision of Financial Guarantees facilitates the marketing of producers' crops when market conditions and prices may be more favourable.

Business Risk Management					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
2,081.1	625 FTEs	2,127.6	625 FTEs	2,211.2	625 FTEs

Expected Results	Performance Indicators	Targets
Reduce producers' income losses through participation in business risk management programs	Current year producers' net market income (NMI) plus business risk management (BRM) payments compared to the previous five-year average NMI for the sector	85 per cent of the previous five-year average NMI

Planning Highlights

To achieve the expected results, over the next three years AAFC, together with its provincial and territorial government partners, will continue to implement the new demand-driven suite of BRM programs under Growing Forward – comprised of AgriInvest, AgriStability, AgriInsurance, and AgriRecovery. These programs are designed to reduce producers' income loss and help the industry become more proactive in managing risks.

The department will intensify its monitoring of BRM program performance to ensure the programs are meeting their objectives and established performance targets, and determine if program changes are required. More information on the suite of BRM programs is available in the 2008-2009 Report on Plans and Priorities at the following address http://www.tbs-sct.gc.ca/rpp/2008-2009/inst/agr/agr02-eng.asp. For more information on other BRM programs, please go to the following address: http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1204137480722&lang, under Managing the risk of your business.

Budget 2009 also announced proposed amendments to the *Farm Improvement and Marketing Cooperatives Loans Act* to help make credit available to new farmers, support inter-generational farm transfers, and modify eligibility criteria for agricultural cooperatives. Currently, program eligibility under the Act is limited to existing farmers and farm product marketing cooperatives fully owned by farmers. The proposed amendments will support the renewal of the sector and enable agricultural cooperatives to better seize market opportunities.

In addition, as the non-BRM elements of Growing Forward such as environment, food safety and innovation are developed, the department will strive to ensure programming works together to help achieve the outcome and vision of a profitable, competitive and innovative sector that is proactive in managing risk.

As agreed to by ministers in 2008, AAFC will continue consultations with the sector as Growing Forward programs are implemented. Programs will be evaluated on an on-going basis to ensure they respond to pressures on the industry and meet participants' evolving needs.

Benefits for Canadians

The new suite of BRM programs under Growing Forward will contribute to industry's capacity to manage risks by providing:

- greater ability for producers to stabilize their enterprise income through a wide range of financial tools;
- programs that are bankable, predictable and responsive;
- improved preparedness to respond to, mitigate the impact of and recover from risk events to animal, plant and production-related resources;
- increased producer capacity to manage business risk from unexpected events;
- a reduction in the economic impact of disasters on producers and more rapid adjustment and business resumption after a disaster; and
- greater stability of producers' incomes.

These objectives are broader and more effectively take into consideration the full range of risks facing agricultural operations relative to the previous Agricultural Policy Framework. By effectively managing risks, producers will be able to focus on seeking out new opportunities to produce safe and innovative food and non-food products for consumers at home and around the world.

Program Activity 2.2 – Food Safety And Biosecurity Risk Management Systems

Program Activity Summary

Agriculture and Agri-Food Canada supports producers and organizations in the development and implementation of food safety, biosecurity and traceability risk management systems to prevent and control risks to the animal and plant resource base thus strengthening the sector against widespread diseases and losses in domestic and foreign markets.

The risk management systems are national, government-recognized on-farm and/or post-farm Hazard Analysis of Critical Control Points (HACCP) or HACCP-based food safety systems, National Biosecurity Systems and a National Agriculture and Food Traceability System. These systems also support emergency management to limit the spread of animal and plant diseases, thereby reducing the economic, environmental and social impacts of a crisis. A National Animal and Plant Biosecurity Strategy provides overall policy direction ensuring efforts are targeted at the highest possible biosecurity risks.

Food Safety And Biosecurity Risk Management Systems					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
139.8	246 FTEs	116.3	246 FTEs	74.6	246 FTEs

Expected Results	Performance Indicators	Targets
Maintain and improve confidence in the safety of the food system and ensure greater market access for Canadian agricultural products	Percentage of producers reporting adoption of food safety practices	55 per cent of survey respondents by March 31, 2010

Eligible recipients include national or regional non-profit organizations, producers and industry stakeholders.

Planning Highlights

To achieve the expected results, over the next three years AAFC will support national biosecurity standards. These standards will be developed by the Canadian Food Inspection Agency (CFIA) with input from the national commodity groups. AAFC's role is described below.

As outlined in the department's Science and Innovation Strategy, AAFC will conduct research to enhance knowledge and understanding of how potential and emerging threats to Canada's food production and distribution systems can be mitigated. The results of this research, based on a unique combination of critical infrastructure and expertise in production and processing systems, will provide the scientific data to support CFIA in its mandate to safeguard Canada's food supply.

Under the Growing Forward policy framework, AAFC will collaborate with university and industry partners to support on-farm technologies for long-term animal and plant health protection, as well as risk-mitigation strategies.

The department will provide financial incentives to national organizations to develop national on-farm and post-farm food safety systems and practices. This will help ensure the early adoption of these government-recognized systems by producers and non-federally registered food-processing enterprises.

AAFC will also work with its partners to accelerate the National Agriculture and Food Traceability System currently being developed by industry and governments to ensure a national, integrated approach.

Benefits for Canadians

Government-recognized and science-based food safety, biosecurity and traceability practices, tools and systems at the farm and agri-business level will help to prevent the spread of animal and plant diseases. This will mitigate or reduce the economic costs associated with responses to disease outbreaks, continue and enhance market access, and allow the industry to better respond to increasing demands for assurances of food safety.

Program Activity 2.3 – Trade and Market Development

Program Activity Summary

Agriculture and Agri-Food Canada acts as Canada's agricultural trade advocate, working to break down trade barriers at home and abroad and expand opportunities for the agriculture, agri-food and agri-based products sector.

The department assists the sector in identifying new domestic and global opportunities and ways to enhance productivity, competitiveness and prosperity. AAFC also works to distinguish Canadian products under Brand Canada International and the Domestic Branding Strategy to expand and deepen the sector's strengths in the marketplace.

Trade and Market Development					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
97.3	441 FTEs	97.6	441 FTEs	97.8	441 FTEs

Expected Results	Performance Indicators	Targets
A competitive sector that has the necessary attributes to strategically position itself to take advantage of new market opportunities, and/or to reposition itself to protect against changing market risks	Total growth in exports of agriculture, food and seafood products (1997 dollars)	$40 billion by March 31, 2013

Planning Highlights

To achieve the expected results, over the next three years AAFC will help transform Canada's strengths into domestic and global success by enabling Canada's agriculture and agri-food industry to anticipate opportunites and manage the risks inherent in trading agriculture and agri-food products in foreign markets.

The department will work with industry and other partners to improve competitiveness, gain and expand recognition in domestic and export markets, and ensure long-term market success. The department will create a market access secretariat to better co-ordinate government initiatives with producers, industry and provinces to aggressively and strategically go after new markets and keep pace with international competitors. The secretariat will include a wide range of trade experts to promote Canadian agricultural exports around the world.

AAFC will place an increased emphasis during the next three years on providing the industry with timely, high-quality market intelligence, building on Canada's record of food safety, animal and plant health, traceability, and environmental protection. More information on specific programs and initiatives is available at http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1165927395291&lang=e.

To expand opportunities the department will continue to seek a favourable outcome to the WTO negotiations on agriculture and seek new trade agreements in line with the Government of Canada's Global Commerce Strategy. Canada's interests will also be advanced through an active regional and bilateral trade negotiations agenda.

Through its trade advocacy and market development efforts, AAFC will maintain and improve access to existing and emerging international markets for both traditional and new products. The department will also work to influence international technical trade-related discussions, policies and standards and, where necessary, challenge measures and policies advanced by other countries, to address technical issues which critically impact innovation and market access.

Benefits for Canadians

Canada is the fifth largest exporter of agriculture and agri-food products (including seafood) in the world, with exports valued at $35.3 billion. There is a clear and fundamental interest in increasing the markets to which we have access, growing our share in markets where we are already present, further strengthening the international rules governing agricultural trade, and achieving a more level international playing field for Canadian producers and processors.

Program Activity 2.4 – Regulatory Efficiency Facilitation

Program Activity Summary

The Canadian agriculture and agri-food sector needs practical support and services for innovation and competitiveness within a science-based regulatory system. Industry engagement and knowledge transfer are needed to help industry focus its priorities, improve its understanding of the regulatory process, and improve the quality of health-claim, novel-food, and ingredient submissions. Science substantiation is needed to expedite the submissions process for products at the end of the innovation chain to fill knowledge gaps through targeted studies or data mining from within Canada and from other jurisdictions, make better use of reputable data from equivalent regulatory agencies, help define standards and approval criteria, and develop approval protocols.

Regulatory Efficiency Facilitation					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
37.1	170 FTEs	36.1	170 FTEs	36.1	170 FTEs

Expected Results	Performance Indicators	Targets
An enhanced regulatory environment which promotes sector innovation, investment and competitiveness	Competitive parity for prioritized pesticides, health claims, novel foods, and ingredients	10 by March 31, 2013

Planning Highlights

This program activity targets specific regulatory issues that were identified by stakeholders, namely: 1) health claims, novel foods and ingredients; and 2) the continuation of the Minor Use Pesticides program. Initiatives under the Regulatory Efficiency Facilitation program activity support the general principles of the Government of Canada's Cabinet Directive on Streamlining Regulation, as they specifically address the development of regulatory frameworks based on sound science, as well as advancing the transparency, timeliness, responsiveness, efficiency, public interest, and government collaboration to minimize regulatory burden for stakeholders.

Over the next three years, AAFC will support the industry to improve understanding and implementation of regulatory processes and requirements, including developing the ability to respond to the scientific data requirements of regulatory submissions.

In addition, funding will be provided to increase the human resources- and expertise-related capacities of Health Canada to streamline processes to improve submission review times and address backlogs and develop policy and regulatory frameworks that better address regulatory priorities for the sector, while maintaining health and safety standards.

Benefits for Canadians

This program activity will benefit Canadians by encouraging new, innovative and safe food products and claims, focusing on health benefits, and a more flexible and responsive food fortification framework, permitting the safe addition of nutrients to food products. This will encourage industry to produce innovative products, compete for North American product mandates, and broaden consumer choice. This program activity will also enhance the sector's ability to navigate the regulatory system and develop complete and scientifically substantiated regulatory submissions. It will foster modernized and efficient policy and regulatory approaches and pre-market processes implemented by regulators.

In addition, this program activity will provide improved access to minor use pesticides, leading to competitive parity of the agriculture and agri-food sector, and preventing trade barriers with countries where these products are already available.

Program Activity 2.5 – National Farm Products Council

Program Activity Summary

Established through the *Farm Products Agencies Act*, the National Farm Products Council (NFPC) is a unique quasi-judicial agency reporting to parliament through the Minister of Agriculture and Agri-Food.

The *Farm Products Agencies Act* provides for the creation of national marketing agencies and promotion research agencies. The NFPC supervises these agencies by ensuring that they carry on their operations in accordance with the objectives set out in the Act.

Working with the agencies it supervises, the NFPC promotes more effective marketing of farm products in interprovincial and export trade.

National Farm Products Council					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
2.7	24 FTEs	2.7	24 FTEs	2.7	24 FTEs

Expected Results	Performance Indicators	Targets
The supply management system for poultry and eggs as well as check-off system for beef cattle works in the balanced interests of all stakeholders, from producers to consumers	Percentage Market Share: Producers maintain their relative share of the Canadian market for hatching eggs and chicks, chicken, turkey, and table eggs	Relative market share remains above 80 per cent throughout 2009-2010
	Variations in consumer price indices for the regulated products are consistent with those of other unregulated agricultural products	Consumer price indices variations for regulated products remain within plus or minus 10 per cent of those of unregulated agricultural products throughout 2009-2010

Planning Highlights

Over the next three years the National Farm Products Council will improve its governance and that of the supply management system by clearly defining the Council's oversight role with the National Marketing Agencies, and engaging stakeholders on issues of governance to address concerns of supply management and build on strengths.

Benefits for Canadians

The supply management system was established in response to the price volatility and revenue uncertainty faced by agricultural producers and led to the creation of marketing agencies. The NFPC provides checks and balances to ensure that the supply management system, as well as the check-off system for beef-cattle, works in the balanced interest of all stakeholders and Canadians.

Strategic Outcome 3 – An innovative agriculture, agri-food and agri-based products sector

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Canada's agriculture, agri-food and agri-based products' sector and its rural communities.

This strategic outcome comprises the following program activities, which are described in the subsequent discussion of expected results, plans and benefits to Canadians.

Program Activities	3.1 Science, Innovation and Adoption	3.2 Agri-Business Development	3.3 Rural and Co-operatives Development	3.4 Canadian Pari-Mutuel Agency

Program Activity 3.1 – Science, Innovation and Adoption

Program Activity Summary

Agriculture and Agri-Food Canada contributes to the competitiveness of the agriculture, agri-food and agri-based products sector by supporting innovation designed to improve profitability in new and existing products, services, processes and markets.

Co-ordinated and informed decision-making is supported with strategic foresight, research, and information sharing contributing to integrated planning engaging industry, government and academia. Collaborative action is promoted to accelerate the flow of science and technology along the innovation continuum in support of industry defined strategies for future success. Farmers, agri-entrepreneurs and agri-based small and medium sized enterprises are supported in their efforts to adopt new technologies and commercialize new products and services. Pathfinding and transformational research, help to define future opportunities and prepare the sector for emerging opportunities and challenges.

Science, Innovation and Adoption					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
314.6	1,358 FTEs	341.1	1,358 FTEs	183.5	1,358 FTEs

Expected Results	Performance Indicators	Targets
An agriculture and agri-food sector that utilizes science to transform commodities into new value-added or bioproduct opportunities for processors, producers and rural communities and new life sciences products for consumers	Increase in agriculture net value-added ("value-added" is a Statistics Canada measure of Canadian value-added gross domestic product)	7 per cent by March 31, 2014

Planning Highlights

To achieve the expected results, over the next three years AAFC will work with industry to accelerate the flow of science and technology along the innovation continuum, in support of industry-defined strategies. This work will take place within a framework that is aligned with and supports the federal government's Science and Technology Strategy and AAFC's Science and Innovation Strategy. For more information on AAFC's Science and Innovation Strategy, please visit http://www4.agr.gc.ca/resources/prod/doc/sci/cons/strat/pdf/Science&InnovationStrategy-e.pdf.

AAFC will conduct research in support of enhanced knowledge and technology development that will help the sector capture new business opportunities in emerging markets for food, feed, fibre, health and wellness, energy, and industrial products and ingredients. The department also plans to implement new initiatives under the Growing Forward policy framework that focus on applied science and innovation programming and encourage new ideas, processes, practices and products by the agriculture and agri-food sector.

The department will also continue to encourage private sector equity investment in the bio-products and bio-fuels industry and enlarge its networks of industry leaders to enhance opportunities for value-added projects.

Benefits for Canadians

Canadians will benefit directly as consumers of high-quality Canadian-made products, as well as through the overall economic and social benefits of an innovative, vibrant and prosperous sector.

As an economic and science-based department, AAFC supports a viable agriculture and agri-food sector by developing and providing the scientific knowledge required for innovation and growth. The department uses its knowledge and resources to develop applications and support technology transfer to industry. It provides programs that help the sector build its own capacity to engage in scientific research and develop the tools and technologies needed to foster enhanced competitiveness.

A rapid-response capacity towards emerging issues provides the sector with tools that can help it mitigate threats or capitalize on opportunities. Programming that encourages private-sector investment in the bio-economy in Canada strengthens the sector. A more productive bio-economy generates increased employment, provides an enhanced market for agricultural products and contributes to producer prosperity for Canada and Canadians.

Program Activity 3.2 – Agri-Business Development

Program Activity Summary

This program activity builds awareness of the benefits and encourages the use of sound business management practices, while also enabling businesses in the sector to be profitable and invest where needed to manage the natural resource base sustainably and to market and produce safe food and other products.

The Agri-Business Development program activity provides funding for provincial and territorial activities related to business management practices and skills that strengthen the capacity of businesses in the sector to assess the financial implications of business improvements. This includes the impact of environmental plans, food safety systems and innovation projects on their business profitability.

In addition, the program will help businesses manage transformation, respond to change and adopt innovation in business operations. Furthermore, the support provided will help agri-business owners understand their financial situation, implement effective action and business management plans/practices and provide for enhanced participation by young or new entrants, First Nations clients, and clients in specific sub-sectors in transition.

Agri-Business Development					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
43.5	22 FTEs	45.6	22 FTEs	30.6	22 FTEs

Expected Results	Performance Indicators	Targets
Increased realization of business goals	Percentage of participating businesses in Business Development programs meeting their business goals	55 per cent by March 31, 2014

Planning Highlights

To achieve the expected result, over the next three years AAFC will fund cost-shared provincial and territorial activities related to business management practices and skills designed to:

- help agri-businesses assess the financial implications of business improvements, including the impact of environmental plans, food safety systems and innovation projects on their business profitability;
- help agri-businesses manage transformation, respond to change, and adopt innovation in their operations;
- help agri-businesses understand their financial situation, implement effective action and business management plans and practices for farm operations, and help producers benchmark their farm performance; and
- enhance participation by young or new entrants, First Nations clients and clients in specific sub-sectors in transition.

AAFC will foster the development of business management tools and information designed to increase competitiveness, innovation and risk management, through support to national organizations. Tools and information will be targeted to youth, new entrants and established producers.

Benefits for Canadians

This program activity contributes to the development of an innovative agriculture, agri-food and agri-based products sector. This, in turn, will help strengthen Canadian economic growth, while improving stewardship and food safety and expanding the availability of agri-based products for Canadians.

As a result of Agri-Business Development initiatives, sector participants will be in a better position to increase profitability and manage change, resulting in increased sustainability and competitiveness.

Program Activity 3.3 – Rural and Co-operatives Development

Program Activity Summary

The Rural Development program activity leads an integrated, government-wide approach, called the Canadian Rural Partnership, through which the Government of Canada aims to coordinate its economic, social, environmental and cultural policies towards the goal of economic and social development and renewal of rural Canada. It develops partnerships with federal departments, provincial and rural stakeholders in areas such as knowledge building, policy development and the implementation of the government's rural development strategies. It also offers tools to enable rural communities to use their innovative capacity to capture the value of local amenities, and to achieve greater local or regional economic competitiveness.

The program activity also promotes economic growth and social development of Canadian society through the development of co-operatives. It facilitates the development of co-operatives as an effective self-help tool assisting Canadians and communities to address their needs and capture economic opportunities. It provides advice across government on policies and programs affecting co-operatives and builds partnerships within the federal government and with the sector, the provinces and other key stakeholders in the implementation of initiatives, such as capacity and knowledge building, to support the development of co-operatives.

Rural and Co-operatives Development					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
20.6	91 FTEs	20.7	91 FTEs	20.7	91 FTEs

Expected Results	Performance Indicators	Targets
New economic activities are being developed in rural communities	Number of communities in 20 selected rural regions where new economic activities are implemented as a result of Canadian Rural Partnership (CRP) collaborative activities	30 by March 31, 2013
	Number of communities that identified and assessed their local natural and cultural amenities	100 by March 31, 2013
Canadians are better able to utilize the co-operative model to meet their economic and social needs	Number of co-operatives created which have received Co-operative Development Initiative (CDI) support	150 by March 31, 2013

Planning Highlights

Over the next three years AAFC, through the CRP, will help communities enhance their competitiveness, and transform local ideas and untapped assets into sustainable economic activities.

Through the CRP, AAFC will enable rural communities to implement new economic activities, and 100 rural communities to identify and assess their local amenities (features conducive to attractiveness and value, including temperate climate, rural recreation and cultural attractions, and scenic landscapes), infrastructure and services related to competitiveness.

In addition, through the Co-operative Development Initiative, AAFC will support the creation of 150 new co-operatives, with an emphasis on projects which seek innovative ways to use the co-operative form of business to realize economic opportunities in areas such as renewable energy, resource-based value-added and community services.

Benefits for Canadians

This program activity contributes to increased access by rural communities to quality information, tools and services for innovative rural development. It also provides Canadians with greater access to the services and information necessary to launch or expand a co-operative and helps them benefit from the associated economic opportunities, which also supports the innovation and growth of the sector.

Program Activity 3.4 – Canadian Pari-Mutuel Agency

Program Activity Summary

Section 204 of the Criminal Code of Canada designates the Minister of Agriculture and Agri-Food as the individual responsible for the policy and regulatory functions pertaining to pari-mutuel wagering on horse races.

The Canadian Pari-Mutuel Agency (CPMA) is a special operating agency within AAFC that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada, with the objective of ensuring that pari-mutuel betting is conducted in a way that is fair to the betting public.

Costs associated with the activities of the CPMA are recovered through a levy on every dollar bet on horse races in Canada. The levy is currently set at eight-tenths of a cent of every dollar bet. CPMA's strategic plans are focused on regulating and supervising pari-mutuel wagering on horse races in the most modern, effective and transparent manner.

Canadian Pari-Mutuel Agency					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
(0.0)	59 FTEs	(0.3)	59 FTEs	(0.3)	59 FTEs

Expected Results	Performance Indicators	Targets
Pari-mutuel betting is conducted in a way that is fair to the Canadian betting public	Percentage of compliance with the *Pari-Mutuel Betting Supervision Regulations* of Canadian racetracks and betting theatres inspected by CPMA officers	100 per cent by March 31, 2010

Planning Highlights

To achieve the expected result, over the next three years the CPMA will work to ensure race outcomes are not influenced by the inappropriate administration of drugs or medications to race horses. The Agency will approve and inspect pari-mutuel betting activities across Canada to ensure compliance with the *Regulations* and policies.

The CPMA will review the *Regulations* and recommend amendments that best protect Canadians betting on horse racing, and that are responsive to the pressures on today's horse racing industry as a result of globalization, technological changes and increased competition with other forms of gambling. A description of the regulatory changes currently being drafted in consultation with Department of Justice officials is available on the CPMA website http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1204750809082&lang=e.

The Agency will complete a review of its governance model to provide recommendations regarding the modernizing and restructuring of programs and services. It will also review the current revenue model that supports the Agency's activities, and identify a reliable basis for future funding. The CPMA faces risk posed by declining revenues and increasing costs in areas such as adoption of new technologies. To address this challenge, the CPMA will work on financial strategies for delivering its core programs and services that ensure the integrity of pari-mutuel betting and the protection of the betting public in Canada.

Benefits for Canadians

This program activity ensures that pari-mutuel betting is consistent with the Regulations and policies that govern and manage this activity, assuring Canadians that all reasonable steps have been taken so that betting on horse races is conducted in a fair and equitable manner.

Internal Services

The following program activity supports all strategic outcomes within this organization.

Program Activity 4.1 – Internal Services

Program Activity Summary

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of the department. These groups are: Management and Oversight Services including Strategic Policy and Planning; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Internal Services					
Planned Spending (net) ($ millions) and Human Resources (Full-Time Equivalents – FTEs)					
2009-2010		2010-2011		2011-2012	
272.9	2,102 FTEs	273.8	2,102 FTEs	271.1	2,102 FTEs

Planning Highlights

AAFC continues to implement its federal/provincial service agenda with the goals of regularly understanding client needs, communicating clearly diverse service offerings across all channels and streamlining and integrating program delivery.

The department's Office of Audit and Evaluation is renewing its audit and evaluation functions to ensure they deliver timely and informative products for senior management. Internal audit reports will provide assurance, independent from line management, on the adequacy of risk management, control and governance processes. Evaluation reports will provide accurate, objective and evidence-based information on the results, relevance, and cost-effectiveness of departmental programs and initiatives.

With respect to human resources management, in 2009-2010 AAFC will focus on: 1) Public Service Renewal – achieving results on the Clerk of the Privy Council's four Renewal priority areas of integrated business and HR planning, recruitment, employee development, and enabling infrastructure; 2) Talent Management – maximizing every employee's potential; and 3) Matching People to Priorities – providing managers and employees with tools and services to support the alignment of the department's people with its evolving business priorities. Focusing on these three core areas will help AAFC ensure it has the ongoing capacity to respond to current and emerging challenges, capitalize on investments and innovations, and continually improve its people management policies and programming and support our employees.

The department's Official Languages Accountability Framework is the basis for planning the management of the specific responsibilities and obligations arising from the *Official Languages Act (OLA)*. Official Languages at AAFC is the responsibility of all staff and the accountability framework outlines the roles and responsibilities of the department's branches and teams to be totally compliant with the obligations set out in the *OLA* and for ensuring that AAFC fully embraces Official Languages.

AAFC is committed to the full implementation of the Treasury Board Policy on Investment Planning, including the development of a Departmental Investment Plan. The department was not part of the first or second wave of implementation, but is getting ready for the scheduled transition. This will include an assessment in 2009 of the department's readiness for project management and investment planning. In moving forward, the department will apply lessons learned and best practices from other departments.

AAFC is currently consolidating its departmental activities in the National Capital Region to the National Headquarters Complex for the Agriculture Portfolio. This will continue in 2009-2010, with consolidation scheduled to be complete in September 2009.

The department has developed an Information Management and Information Technology (IM and IT) Strategic Framework, complemented by an integrated IM and IT Business Model, which provides a structured, enterprise-wide method to categorize and report on the department's IM and IT investments against business outcomes. A series of strategies have been and will continue to be identified in keeping with the department's IM and IT strategic outcomes.

Through its strategic review, AAFC is replacing or reducing programs that no longer meet the needs of clients and further aligning its programs with its mandate and the Growing Forward policy framework. These changes will ensure AAFC is better positioned to help build a more profitable and globally competitive agriculture and agri-food sector that can manage risks better. Funding will be re-directed to the new suite of non-business risk management programs under Growing Forward, as well as the new AgriFlexibility program. Investments will also be made to strengthen slaughterhouse capacity across the country in support of the livestock and dairy sectors.

Supplementary Information

List of Supplementary Information Tables

The following tables are located on the Treasury Board Secretariat Web site:

- Details on Transfer Payment Programs (TPPs)
- Up-Front Multi-Year Funding
- Green Procurement
- Sustainable Development Strategy
- Horizontal Initiatives
- Internal Audits
- Evaluations
- Sources of Respendable and Non-Respendable Revenue
- Summary of Capital Spending by Program Activity
- User Fees
- Canadian Pari-Mutuel Agency Revolving Fund